



NEW ENGLAND POWER POOL

# Clean Energy Policy & Procurement: Regional vs. Go It Alone Approach

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# NEPOOL in New England

- NEPOOL is:
  - THE stakeholder voting organization to advise on all matters relating to the competitive wholesale market rules and transmission tariff design.
- NEPOOL was:
  - Formed in 1971 to address reliability and coordinated dispatch.
  - Restructured in the late 1990's to conform with the industry's restructuring away from a vertically integrated cost-based rate design.
- NEPOOL's Mission:
  - “To create and sustain open, non-discriminatory, competitive, unbundled markets for energy, capacity, and ancillary services that are balanced between buyers and sellers.”



# Genesis of IMAPP

- Growing recognition of states' need to achieve mandated public policy objectives.
- Growing concern that states' actions to achieve those objectives are becoming large enough to affect the competitive wholesale markets.
- Acknowledgment that current markets are not designed to advance or support state public policy objectives.



# IMAPP: Integrating Markets And Public Policy

- *A NEPOOL initiative to consider changes to the existing competitive wholesale market design that will not only ensure reliability of the electric system through competitive wholesale markets, but will do so while allowing or facilitating achievement of the New England states' public policy goals.*



# NEPOOL IMAPP Process

- Public Policy interaction with market design has been percolating...
  - NECPUC Symposium – Initial discussion between state officials, ISO-NE, and NEPOOL Officers.
  - NEPOOL Summer Meeting – Focused discussions on how to move forward among all NEPOOL Sectors, the states and ISO-NE.
  - Commitment by NEPOOL Participants to identify and evaluate potential solutions.
- Initially targeted the Dec. 2 NEPOOL Participants Committee Meeting to vote on potential “Framework Documents”.



# Discussions to Date

- There have been 5 meetings since August 11, 2016.
- Initial discussions were designed to “define the problem”.
- Participants have proposed potential solutions which would:
  - Modify the ***energy market*** rules to adjust the dispatch to reflect emissions profile of resources.
  - Create a new centralized ***regional market for clean energy resources***.
  - Modify the ***capacity market*** rules to better accommodate resources needed to meet state policy objectives.
- Combinations of these proposed approaches may also be possible.



# Current Status of IMAPP Process

- New England States Committee on Electricity (NESCOE) and ISO-NE have provided initial comments on process to date.
- Realization: More time would allow better definition and potential consolidation of proposals.
- NEPOOL has extended the schedule into 2017
- Revised Target - NEPOOL Participants Committee action in late Q1 or early Q2 2017.



# Next Steps

- More discussion needed and additional IMAPP meetings scheduled for January 25, 2017 and February 17, 2017.
- A critical question is whether the markets should **accommodate** state policies or whether state policies should be **advanced directly** through the centralized markets controlled by ISO-NE.
- Between now and January 25, stakeholders are encouraged to engage in “off-line” discussions among themselves, with the states, and with ISO-NE.
- Revised and consolidated proposals will be reviewed at the January 25 meeting.



# Further Information

- More detailed information is available on the IMAPP page of the NEPOOL web site:

<http://nepool.com/IMAPP.php>



# Questions?



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***Making Markets Work for Electric Consumers***

